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TAGS: [PREL](#) [PGOV](#) [PINR](#) [IS](#) [KPAL](#) [SY](#) [LE](#)
SUBJECT: PM OLMERT DISCUSSES TWO-STATE SOLUTION,
SETTLEMENTS, AND ROLE OF ARAB MODERATES WITH CODEL LEAHY

CLASSIFIED BY: AMBASSADOR RICHARD H. JONES FOR REASON 1.4 (B/D)

SUBJECT: PM OLMERT DISCUSSES TWO-STATE SOLUTION,
SETTLEMENTS, AND ROLE OF ARAB MODERATES WITH CODEL LEAHY

11. (C) SUMMARY: IN A MEETING WITH CODEL LEAHY MAY 30, ISRAELI PM EHUD OLMERT REAFFIRMED HIS COMMITMENT TO A TWO-STATE SOLUTION AND DESCRIBED HIS EFFORTS TO REACH THIS GOAL. CALLING THE INTERNAL PALESTINIAN SITUATION "UNBEARABLE," OLMERT EXPRESSED HIS SINCERE DESIRE TO IMPROVE THE SITUATION AND SAID HE IS PREPARED TO TAKE MEASURES BEYOND THOSE OF ANY PREVIOUS ISRAELI PRIME MINISTER. HE TOLD THE CODEL THAT "NO NEW SETTLEMENTS WILL BE PLANNED, ZONED, APPROVED OR BUILT ON MY WATCH" AND "UNAUTHORIZED OUTPOSTS WILL BE REMOVED." OLMERT EMPHASIZED THAT IT WAS HE WHO HAD OFFERED TO WITHDRAW FROM 90 PERCENT OF THE WEST BANK UNILATERALLY AND HE WHO PROPOSED THE BILATERAL WEEKLY MEETINGS WITH PALESTINIAN PM ABBAS, FOR WHICH HE WAS READY TO GO TO JERICHO TO SHOW EQUALITY. FURTHER, OLMERT HIGHLIGHTED HIS READINESS TO TALK ABOUT THE ARAB PEACE INITIATIVE DESPITE CONTINUED ARAB DEMANDS FOR THE "RIGHT OF RETURN" AND HIS WILLINGNESS TO COMPROMISE ON THE BARRIER ROUTE AND CHECKPOINTS TO IMPROVE THE QUALITY OF LIFE FOR PALESTINIANS. HE SAID THAT HE IS ALSO WILLING TO BE FLEXIBLE ON THE TRANSFER OF TAX REVENUES TO THE PALESTINIANS AND TO EXPAND THE CEASEFIRE TO THE WEST BANK, UNDER CERTAIN CIRCUMSTANCES. OLMERT DESCRIBED THE SITUATION ALONG THE LEBANESE BORDER AS STABLE, ADDING THAT THE "INTERNATIONAL FORCE IS MEANINGFUL AND 1701 IS BETTER THAN MOST UNSCRS ON THE MIDDLE EAST." OLMERT POINTED TO SAUDI SUPPORT AS KEY TO HELPING PALESTINIANS COMPROMISE, AND SAID IF THERE IS A CHANCE FOR PEACE WITH SYRIA, HE DOES NOT NEED ENCOURAGEMENT FROM POTUS TO SIEZE EVERY OPPORTUNITY. END SUMMARY.

GOI COMMITTED TO PROGRESS TOWARD PEACE

12. (C) IN RESPONSE TO A QUESTION FROM SENATOR THAD COCHRAN (R-MS), OLMERT SAID THAT THERE IS NO RELATION BETWEEN ANY OF THE PEACE PROCESS ISSUES AND THE DOMESTIC POLITICAL DIFFICULTIES FACING HIS GOVERNMENT. HE EXPLAINED THAT THE GOVERNING COALITION IS VERY LARGE AND ITS STABILITY IS NOT DEPENDENT ON PROGRESS TOWARD PEACE. NEVERTHELESS, OLMERT STRESSED THAT HE IS "COMMITTED ANYWAY," NOTING HE HAD REVIVED THE ARAB PEACE INITIATIVE IN HIS SDE BOKER SPEECH OF NOVEMBER 27, 2006. HE RECALLED THE FAILURE OF THE NOVEMBER CEASEFIRE AND HIS RESTRAINT AS ROCKETS CONTINUED TO FALL ON SOUTHERN ISRAEL. HE REITERATED HIS DESIRE TO CONTINUE MEETING WITH ABBAS, WITH THE NEXT MEETING SCHEDULED FOR JUNE 7. OLMERT SAID HE WANTED TO MOVE FORWARD, BUT HOPED THAT ABBAS WOULD SHOW GREATER DETERMINATION IN DEALING WITH THE INTERNAL PALESTINIAN SITUATION.

13. (C) OLMERT ALSO DISCUSSED PEACE WITH THE SYRIANS, SAYING THAT IF THERE IS A CHANCE FOR PEACE, HE IS WILLING TO TAKE GENUINE RISKS AND IS CONFIDENT POTUS WOULD NOT PREVENT HIM FROM MOVING FORWARD.

ROLE OF MODERATE ARAB COUNTRIES IN FACILITATING PEACE

14. (C) IN RESPONSE TO A COMMENT FROM SENATOR SALAZAR (D-CO), OLMERT SAID THE SAUDIS COULD BE THE KEY TO A TWO-STATE SOLUTION IF THEY WERE BRAVE ENOUGH TO HELP THE PALESTINIANS COMPROMISE. HOWEVER, HE SAID HE HAD NOT YET SEEN ANY REAL EFFORT ON THEIR PART TO DO SO. THE PALESTINIANS DO NOT HAVE THE POWER TO COMPROMISE WITHOUT OUTSIDE HELP AS THEY ARE TOO DIVIDED. OLMERT SAID HE HAD SENT MANY MESSAGES TO KING ABDULLAH SAYING HE IS READY TO NEGOTIATE ON THE ARAB PEACE INITIATIVE. HE ARGUED THAT IF THE ARAB QUARTET (SAUDI ARABIA, UAE, EGYPT AND JORDAN) WOULD HOLD A PUBLIC MEETING WITH ISRAEL, IT WOULD TRANSFORM PUBLIC ATTENTION AND GIVE THE PROCESS AN "ENORMOUS BOOST." OLMERT NOTED THAT SUCH A MEETING COULD NOT SERVE AS A SUBSTITUTE FOR DIRECT NEGOTIATIONS WITH THE PALESTINIANS, BUT WOULD FACILITATE THEM.

GOI AND THE MODERATE ARAB STATES - NEW ATTITUDES

15. (C) RESPONDING TO A QUESTION FROM SENATOR HAGEL (R-NE), OLMERT NOTED THAT ISRAEL'S RELATIONS WITH JORDAN ARE ALMOST AS INTIMATE AS THOSE WITH THE U.S. THE TWO COUNTRIES ARE WORKING ON SOME SENSITIVE INITIATIVES TOGETHER. OLMERT TOLD THE CODEL THAT IN PRIVATE MEETINGS, ARAB LEADERS WARNED HIM NOT TO TRUST THE PALESTINIANS, ALTHOUGH THEY WOULD NOT SAY SO PUBLICLY. HE SAID THAT THE LEBANON CONFLICT LAST SUMMER LED

SEVERAL ARAB COUNTRIES "TO SPEAK OUT AS NEVER BEFORE" AND DEMONSTRATED A NEW ATTITUDE ON THEIR PART, WHICH THE GOI IS TRYING TO ENCOURAGE. "FOR THE FIRST TIME, WE ARE NOT ENEMY NUMBER ONE," OLMERT SAID, REFERRING TO THE PERCEPTION THAT IRAN HAD BECOME THE KEY THREAT.

BARRIER NECESSARY BUT NEW SETTLEMENTS ARE NOT

16. (C) SENATOR PATRICK LEAHY (D-VT) COMMENTED ON THE RESENTMENT AND HARM TO ISRAEL'S IMAGE AS A DEMOCRATIC, PROGRESSIVE COUNTRY CAUSED BY THE SETTLEMENTS, THE IMPACT OF THE BARRIER, THE UPROOTING OF OLIVE TREES, AND THE RESTRICTIONS ON PALESTINIAN WATER USE. IN RESPONSE, OLMERT ACKNOWLEDGED HE MIGHT EXPRESS THE SAME SENTIMENTS IF HE "SAW THE SITUATION COLD." LISTING ALL HE HAD DONE FOR THE ARAB COMMUNITY OF JERUSALEM AS MAYOR, OLMERT SAID HE HAD ALSO SEEN NUMEROUS VICTIMS OF SUICIDE BOMBINGS FOR WHICH THE ONLY SOLUTION WAS PM SHARON'S DECISION TO BUILD THE BARRIER. HE ARGUED THAT ALTHOUGH THE BARRIER "AFFECTS (PALESTINIAN) QUALITY OF LIFE, IT DOES NOT KILL; LACK OF A BARRIER DOES." HE TOLD THE CODEL THAT HE WOULD REMOVE UNAUTHORIZED OUTPOSTS AND ENSURE THAT "NO NEW SETTLEMENTS WILL BE PLANNED, ZONED, APPROVED OR BUILT" ON HIS WATCH.

17. (C) IN RESPONSE TO A QUESTION FROM SENATOR CARDIN (D-MD) ABOUT THE BARRIER, OLMERT REAFFIRMED HIS COMMITMENT TO A TWO-STATE SOLUTION SAYING SUCH A SOLUTION WAS IN ISRAEL'S INTEREST. HE MAINTAINED THAT THE PALESTINIANS WOULD BENEFIT FROM ECONOMIC ARRANGEMENTS THAT DID NOT REQUIRE THEM TO CROSS INTO ISRAEL, SUCH AS QUALIFIED INDUSTRIAL ZONES (QIZS). OLMERT ALSO SAID THE GOI IS READY TO INVEST IN INDUSTRIAL PARKS ON THE PALESTINIAN SIDE AND TO WORK TO GAIN PALESTINIAN PRODUCTS DUTY FREE ACCESS TO EUROPE AND THE U.S. HE NOTED, HOWEVER, THAT NONE OF THESE PROJECTS COULD WORK IN THE FACE OF TERROR.

18. (C) IN RESPONSE TO A QUESTION FROM CONGRESSMAN WELCH (D-VT) ASKING WHETHER A VIABLE PALESTINIAN STATE IS STILL

POSSIBLE, OLMERT RESPONDED THAT HE REFUSES TO LOSE HOPE AND
IS COMMITTED TO TRYING TO CHANGE THE SITUATION. "ISRAEL
CANNOT SURVIVE AS A JEWISH STATE WITHOUT A PALESTINIAN
STATE," HE CONCLUDED.

19. (U) CODEL LEAHY HAS CLEARED THIS MESSAGE.

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HTTP://WWW.STATE.SGOV.GOV/P/NEA/TELAVIV

YOU CAN ALSO ACCESS THIS SITE THROUGH THE STATE DEPARTMENT'S
CLASSIFIED SIPRNET WEBSITE.

JONES